

CHAPTER 6**STATEMENT OF CHANGES IN NET POSITION****★0601 FORMAT FOR THE STATEMENT OF CHANGES IN NET POSITION**

★ 060101. Format for the Working Version Consolidated Comparative Statement of Changes in Net Position. The format presented in Figure 6-1 shall be used for the working version of the statements. The amounts shall be in dollars and cents for all working versions of Department of Defense (DoD) statements (not shown in Figure 6-1). Line numbers are included on the working version of statements.

★ 060102. Format for the Working Version Consolidating Comparative Statement of Changes in Net Position. The format presented in (Figure 6-2) shall be used for the working version of the statements. The amounts shall be in dollars and cents (not shown in Figure 6-2) for the DoD Agency-wide and Component statements. Line numbers will be included as shown.

★ 060103. Published Statement of Changes in Net Position Format. The DoD Agency-wide published statements (and the notes to the principal statements) shall display dollars rounded to millions with one decimal point. All Component statements (and the notes to the principal statements) shall display dollar amounts rounded to the nearest whole thousand on the final published statements. To avoid excessive workload associated with the resolution of rounding, accounting activities shall report amounts as dollars and cents on all versions of the principal statements and notes prior to submission by the reporting entity (these statements are referred to as working versions) of the final annual financial statements to the Office of the Deputy Chief Financial Officer, Accounting Policy Directorate, (ODCFO(AP)).

DEPARTMENT OF DEFENSE [REPORTING ENTITY] CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION Year Ended September 30, 2000 (Amounts in millions)		
	2000	1999
1. Net Cost of Operations	\$ 1,222.2	\$ 1,111.1
2. Financing Sources (other than exchange revenues):		
A. Appropriations Used	1,131.2	427.8
B. Taxes and Other Nonexchange Revenue	33.3	22.2
C. Donations – Nonexchange Revenue	3.3	2.2
D. Imputed Financing ^(Note 20)	225.7	174.8
E. Transfers – In	213.7	222.2
F. Transfers – Out	(663.7)	(437.9)
G. Other	101.0	33.2
H. Total Financing Sources (other than exchange Revenues)	<u>\$ 444.5</u>	<u>\$ 444.5</u>
3. Net Results of Operations	\$ (777.7)	\$ (666.6)
4. Prior Period Adjustments ^(Note 20)	222.2	222.2
5. Net Change in Cumulative Results of Operations	\$ (555.5)	\$ (444.4)
6. Increase (Decrease) in Unexpended Appropriations	(333.3)	(222.2)
7. Change in Net Position	\$ (888.8)	\$ (666.6)
8. Net Position – Beginning of the Period	(777.7)	(111.1)
9. Net Position – End of the Period	<u>\$ (1,666.5)</u>	<u>\$ (777.7)</u>
Accompanying notes are an integral part of these financial statements. See notes 1 and 20.		

Figure 6-1

DEPARTMENT OF DEFENSE [REPORTING ENTITY] CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION Year Ended September 30, 2000 (Amounts in thousands)						
	Subentity A	Subentity B	Combined Total	Intra-entity Eliminations	2000 Consolidated Total	1999 Consolidated Total
1. Net Cost of Operations	\$ 733,320	\$ 488,880	\$ 1222,200		\$ 1,222,200	\$ 1,111,100
2. Financing Sources (other than exchange revenues):						
A. Appropriations Used	318,720	212,480	531,200	-	531,200	427,800
B. Taxes and Other Nonexchange Revenue	19,980	13,320	33,300	-	33,300	22,200
C. Donations – Nonexchange Revenue	1,980	1,320	3,300	-	3,300	2,200
D. Imputed Financing (Note 20)	135,420	90,280	225,700	-	225,700	174,800
E. Transfers – In	128,220	85,480	237,700	(24,000)	213,700	222,200
F. Transfers – Out	(398,220)	(265,480)	-687,700	24,000	(663,700)	(437,900)
G. Other	60,600	40,400	101	-	101,000	33,200
H. Total Financing Sources (other than Exchange revenues)	\$ 266,700	\$ 177,800	\$ 444,500	\$ 0	\$ 444,500	\$ 444,500
3. Net Results of Operations	(466,620)	(311,080)	(777,700)	-	(777,700)	(666,600)
4. Prior Period Adjustments (Note 20)	266,640	177,760	444,400	-	444,400	222,200
5. Net Change in Cumulative Results of Operations	\$ 199,980	\$ 133,320	\$ 333,300	-	\$ 333,300	\$ (444,400)
6. Increase (Decrease) in Unexpended Appropriations	(199,980)	(133,320)	(333,300)	-	(333,300)	222,200
7. Change in Net Position	\$ 0	\$ 0	\$ 0	-	\$ 0	\$ 222,200
8. Net Position – Beginning of the Period	266,640	177,760	444,400	-	444,400	222,200
9. Net Position – End of the Period	\$ 266,640	\$ 177,760	\$ 444,400	-	\$ 444,400	\$ 444,400
Accompanying notes are an integral part of these financial statements. See notes 1 and 20.						

Figure 6-2

★0602 INSTRUCTIONS FOR THE PREPARATION OF THE STATEMENT OF CHANGES IN NET POSITION

★ 060201. General Instructions. The Statement of Changes in Net Position reports the beginning net position, the items which caused net position to change during the reporting period, and the ending net position. The reporting entity shall include a consolidated and consolidating Statement of Changes in Net Position in annual financial statements and display information organized by responsibility segment, subentity, or otherwise in the same manner as the Statement of Net Cost subentity. Formats are displayed using notional data to assist the user. Comparative statements are required for all DoD reporting entities starting with the September 30, 2000, financial statements. All amounts used in the Statement of Changes in Net Position are based on the preclosing trial balance(s).

060202. Line Item Instructions. In addition to the narrative below, see the general ledger crosswalk in Appendix E for a description of the accounts and attributes as applied to each line item.

A. Net Cost of Operations – Line 1. This is the net cost of operations reported on the Statement of Net Cost, line 4. See Appendix B for required reconciliations.

B. Financing Sources (Other than Exchange Revenue) – Line 2

1. Appropriations Used – Line 2.A. Appropriations are considered used as a financing source when goods and services are received, or benefits are provided, under authority of the appropriations. This is true whether the goods, services, and benefits are paid prior to the reporting date or are payable as of that date, and whether the appropriations are used for items which are recorded as expenses or are capitalized. In order to avoid double counting, appropriations used do not include dedicated tax receipts and donations because these sources are reported as nonexchange revenues. In addition, appropriations used by collecting entities to provide refunds of monies deposited to the U.S. Treasury or the trust funds or to repay debt are also excluded because they do not provide budgetary authority.

★ 2. Taxes and Other Nonexchange Revenue – Line 2.B. Revenues the federal government is able to demand or receive due to its sovereign powers.

3. Donations - Nonexchange Revenue – Line 2.C. Voluntary gifts of resources to the federal government by nonfederal entities. Donations may be financial resources, such as cash or securities, or nonfinancial resources such as land or buildings. The amount of revenue arising from donations of nonfinancial resources shall be recognized in accordance with criteria in Statement of Federal Financial Accounting Standards No. 6, “Accounting for Property, Plant, and Equipment,” and should be valued at the estimated fair value at the time of the contribution. The exception, Stewardship property, plant and equipment (PP&E), consists of National Defense PP&E, heritage assets, and stewardship land. Such PP&E is expensed when purchased, but no amount is recognized if it is received as a donation. Correspondingly, no revenue is recognized for such donations.

★ 4. Imputed Financing – Line 2.D. Imputed financing equals the amount of imputed costs included in amounts reported on the Statement of Net Cost. Include on this line, amounts for: (a) employees' pension benefits; (b) the health, life insurance, and other benefits for retired employees; (c) other post-employment benefits for retired, terminated, and inactive employees, which include severance payments, training and counseling, and continued health care; (d) losses in litigation proceedings related to the Judgment Fund not reimbursed by the Department; (e) military pension expense; and (f) military health benefits. Additional information on imputed financing is disclosed in note 20.

★ 5. Transfers - In – Line 2.E. An intragovernmental transfer of cash, capitalized assets, liabilities, or other items without reimbursement shall be recognized by the receiving entity as a transfer-in. The amount recognized shall be the transferring entity's book value. If book value is not known, the amount recognized should be the asset's estimated fair value at the date of the transfer.

★ 6. Transfers - Out – Line 2.F. An intragovernmental transfer of cash, capitalized assets, liabilities, or other items without reimbursement shall be recognized by the transferring entity as a transfer-out. The amount recognized should be the transferring entity's book value. If book value is not known, then the amount recognized should be the asset's estimated fair value at the date of the transfer. Transfers out are intragovernmental/federal, e.g., transfer of capitalized assets. If, however, the transfer out of a capitalized asset involves a cost sharing, only the net value of the capitalized asset not reimbursed shall be treated as a transfer out. To the extent that exchange revenue included in calculating an entity's net cost of operations is required to be transferred to the U.S. Treasury or another federal entity, the amount transferred shall be recognized as a transfer-out. Enter transfers-out as a negative number.

★ 7. Other – Line 2.G. This line includes financing sources (nonexchange revenues) other than those identified in Lines 2.A. through 2.F. The elements of this line shall be disclosed in note 20 if the total amount on this line exceeds \$100 million or if the amount represents more than 10 percent of the value of line 2.H, Total Financing Sources.

8. Total Financing Sources (Other than Exchange Revenues) – Line 2.H. Calculation: Sum Lines 2.A through 2.G.

C. Net Results of Operations – Line 3. Calculation: Line 2.H less Line 1.

★ D. Prior Period Adjustments - Line 4. Prior period adjustments are limited to corrections of errors and accounting changes with retroactive effect that can either increase or decrease net position depending on their nature, including those occasioned by the adoption of new federal financial accounting standards. Enter increases as a positive number; enter decreases as a negative number. Adjustments are included in the calculation of the net change in cumulative results of operations, rather than as an element of net results of operations for the period. Prior period financial statements shall not be restated for prior period adjustments. The material portions of the amount reported on this line shall be disclosed in note 20.

E. Net Change in Cumulative Results of Operations – Line 5. Calculation: Line 3 plus Line 4.

F. Increase (Decrease) in Unexpended Appropriations – Line 6. The change from the beginning of the period in the amount of appropriations that have been made available but have not been used. Enter increases as a positive number; enter decreases as a negative number.

G. Change in Net Position – Line 7. Calculation: Line 5 plus Line 6.

H. Net Position - Beginning of Period – Line 8. The amount is the net position reported on the prior year's balance sheet.

I. Net Position - End of Period – Line 9. This amount shall agree with the amount reported as net position on the current year balance sheet. Calculation: Line 7 plus Line 8.